

April 26, 2013

To: Executive Board

Subject: **March 2013 Financial Statements and Investment Summary**

Recommendation

Receive and file the March 2013 Financial Statements and Investment Summary.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the ninth month of the fiscal year ending June 30, 2013.

Foothill Transit's cash position of \$61.4 million is \$7.1 million less than the previous month. This decrease of cash is the net change between the uses of cash and sources of cash. Uses of cash include capital expenditures exceeding capital grants by \$1.7 million, increase in accounts receivable of \$1.4 million and decrease in accounts payable of \$5.9 million. Sources of cash include a decrease in amounts due from other government agencies of \$1.0 million and excess operating grants of \$0.9 million.

March 2013 fare revenues were \$1.5 million, which is \$28,000 or 1.82 percent less than the monthly budgeted amount and \$80,400 more than the previous month. While Revenues are lower than the amounts budgeted and slightly more than the previous month, the year-to-date monthly average is slightly less (0.91 percent) than the previous year's monthly average. In part, the variation can be attributed to the timing of receipt of various fare revenues, such as the countywide EZ transit Pass. Overall, this is a continuation of the trend established in the prior fiscal year with revenues neither increasing nor decreasing. While increasing sales tax revenues appear to be a signal that the economy is beginning to show signs of improvement, unemployment remains constant at approximately eight percent.

Operating costs through March were \$46.7 million, which is \$5.5 million less than the budget. These costs are \$808,000 or 1.8 percent more than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):

Assets

The balance sheet as of March 31, 2013 shows total assets at \$222.4 million. This total consists primarily of \$149.6 million in fixed assets and \$61.4 million in cash and investments. The cash and investments balance includes \$10.0 million invested in the

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Local Agency Investment Fund (LAIF); \$15.0 million in non-interest bearing accounts held with Bank of the West; \$22.4 million in an interest bearing account with Bank of the West; \$5.0 million with Chase; \$4.0 million with Bank of the West and \$2.9 million with Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West in non-interest earning accounts qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of February 2013 was 0.286 percent; slightly less than the previous month's rate of 0.300 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than four years, LAIF interest rates have continued a downward trend until reaching current levels and then with small variations up and down.

Liabilities

The accounts payable balance is \$1.4 million. The amounts payable include; fuel costs of \$727,000; Monrovia Dial-A-Ride service of \$55,000 and \$100,700 due Metro.

Operating Revenue and Expense Analysis (Attachment C):

Fare Revenue

March 2013 fare revenues were \$1.5 million. As previously stated, the March revenues are \$80,400 more than the previous month. The year-to-date revenue amounts are tracking very closely with the budget: 0.66 percent less than the budget, and \$34,600 or 0.25 percent less than the previous year. The year-to-date monthly average revenue is 0.91 percent less than the previous fiscal year average.

Revenues are tracking very close to prior year amounts indicating stable ridership and an economy that is neither improving nor weakening. This may be the case even though recent indicators have indicated everything but a stable economy.

State and Local Funding Subsidies of \$54.6 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 6.1 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.

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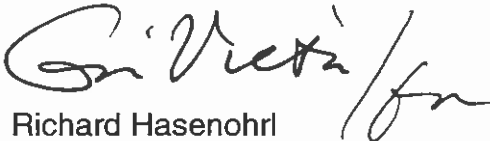
Expenses

Year-to-date operating expenses through March 2013 were \$46.7 million, compared with the year-to-date budget of \$52.3 million. This difference of approximately \$5.5 million resulted in a 10.66 percent favorable variance. The majority of this favorable variance is the result of \$1.1 million in lower than budgeted service costs and fuel cost savings of \$2.8 million with the balance spread over several departments and not attributable to any one account. It should be noted that the March 2013 year-to-date expenses of \$46.75 million are \$808,911 more than the prior fiscal year.


Farebox Recovery Ratio

The March year-to-date farebox recovery ratio was 28.68 percent; 1.92 percent more than the performance target of 26.76 percent. The farebox recovery ratio was derived by dividing the total fare revenue of \$13,395,393 (excluding the prior year EZ transit Pass revenue) by the total operating expense figure of \$46,699,822. This ratio has increased 0.02 percent from the February 2013 figure of 28.66 percent.

Sincerely,



Richard Hasenohr
Director of Finance



Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of March 31, 2013

Assets

Current Assets:

Cash	\$ 37,372,861
Investments	24,066,838
Due from government agencies	6,965,536
Other receivables	2,118,623
Other assets	2,260,959
Total Current Assets	<u>72,784,817</u>
Property & Equipment (net of depreciation)	149,572,576
Total Assets	<u><u>\$ 222,357,394</u></u>

Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 1,418,387
Current portion of long term debt	0
Deferred Revenue	<u>42,283,364</u>
Total Liabilities	<u>43,701,751</u>

Equity

Fund Balance:	
Investment in Capital Assets	149,572,576
Current Year Change	4,533,058
Surplus	<u>24,550,008</u>
Total Equity	<u></u>
Total Liabilities and Equity	<u><u>\$ 222,357,394</u></u>

Summary of Cash and
Investment Account
For March 31, 2013

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	7,546,193	7,546,193
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Excise Tax	N/A	Demand Deposit	7,374,259	7,374,259
Bank of the West-Money Market	0.100%	Demand Deposit	7,007,300	7,007,300
Bank of the West-Money Market	0.050%	Demand Deposit	4,913,754	4,913,754
Bank of the West-Money Market	0.250%	Demand Deposit	9,546,554	9,546,554
Bank of the West-CTAF ³ Fund	0.100%	Demand Deposit	982,900	982,900
Bank of the West-Money Market	0.250%	Demand Deposit		
Subtotal Cash on Hand			<u>37,372,861</u>	<u>37,372,861</u>
Unrestricted Investments:				
Chase Business Saving	0.200%	Demand Deposit	5,045,018	5,045,018
Bank of the West-CDARS	Var	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	Var	Cert. of Deposit	2,988,000	2,988,000
Treasury Bills			1,997,978	1,997,978
LAIF Investment	0.381%	Demand Deposit	10,035,843	10,035,843
Subtotal Unrestricted Investments			<u>24,066,838</u>	<u>24,066,838</u>
Total Cash and Investments			<u><u>61,439,699</u></u>	<u><u>61,439,699</u></u>

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit
Statement of Revenue and Expense
For Month Ended March 31, 2013

	Actual Mar-13	Budget Mar -13	Variance Favorable (Unfavorable)	Actual Mar - 12
Operating Revenue				
Farebox	\$8,193,818	\$9,405,000	(12.88%)	\$8,524,589
Pass Sales	2,359,033	2,133,375	10.58%	2,361,643
TAP Cash Purse	1,676,936	1,141,650	46.89%	1,527,414
MetroLink & Access Service	334,012	21,300	1468.13%	59,231
EZ Transit Pass	1,181,514	1,135,875	4.02%	1,307,086
Total Operating Revenue	13,745,313	13,837,200	(0.66%)	13,779,964
Non-Operating Revenue				
Transportation Development Act (TDA)	13,080,923	12,940,950	1.08%	13,075,164
STA	4,736,736	3,045,075	55.55%	2,471,742
Prop A 40% Discretionary	9,769,703	9,769,725	(0.00%)	10,060,662
Prop A 40% BSCP	3,031,377	3,541,875	(14.41%)	2,847,591
Prop C BSIP	633,320	633,300	0.00%	620,050
Prop C Base Restructuring	1,360,303	1,360,275	0.00%	1,331,802
Prop C Transit Service Expansion	226,684	226,650	0.01%	221,934
Prop A & C Interest				
Transit Security-Operating	531,446	533,625	(0.41%)	463,248
Measure R Operating	5,914,732	5,311,875	11.35%	6,584,508
FTA Sec 5307 Operating				1,311,569
Gain on Sale of Fixed Assets	320,719			3,154
Auxiliary Revenue	1,240,612	1,125,000	10.28%	1,278,556
Total Non-Operating Revenue	40,846,553	38,488,350	6.13%	40,269,980
Total Revenue	54,591,866	52,325,550	4.33%	54,049,944
Available Capital Funding				
Capital Grants	7,311,803			14,439,622
Other				
Total Revenue and Capital Funding	61,903,669	52,325,550		68,489,566
OPERATING EXPENSES				
Operations	39,318,371	43,281,375	9.16%	38,571,698
Marketing and Communications	1,026,602	1,348,425	23.87%	996,134
Information Technology	1,166,278	1,204,425	3.17%	1,097,991
Administration	1,155,780	1,447,050	20.13%	1,017,033
Procurement	449,144	650,100	30.91%	671,785
Sales and Service	1,332,893	1,385,400	3.79%	1,295,927
Finance	898,178	977,400	8.11%	923,910
Safety and Security	426,035	709,425	39.95%	490,640
Planning	429,596	713,400	39.78%	375,586
Building Management	496,946	552,300	10.02%	450,207
Total Operating Expenses	46,699,822	52,269,300	10.66%	45,890,911
Capital and Other Expenses				
Capital	9,166,467		N/A	14,648,188
Interest			N/A	
Dial-A-Ride	530,399		N/A	481,902
Special Services	165,826		N/A	131,384
Other Misc. expense	9,792		N/A	99,694
Total Capital and Other Expenditures	9,872,485		N/A	15,361,167
Increase (Decrease) of Revenues Over Expenditures	\$ 5,331,362			\$ 7,237,488